

**BOARD OF EDUCATION
CIRCLE UNIFIED SCHOOL DISTRICT NO. 375
Towanda, Kansas**

**Financial Statements
June 30, 2010**

**with
Independent Auditors' Report**

UNIFIED SCHOOL DISTRICT NO. 375
Financial Statements
Year Ended June 30, 2010
Table of Contents

	<u>Page Number</u>
Independent Auditors' Report	1
Statement 1: Summary of Cash Receipts, Expenditures and Unencumbered Cash	3
Statement 2: Summary of Expenditures - Actual and Budget	5
Statement 3: Statement of Cash Receipts and Expenditures - Actual and Budget:	6
General Fund	8
Supplemental General Fund	9
At Risk Fund (K-12)	10
Capital Outlay Fund	11
Contingency Reserve Fund - Actual	12
Driver Training Fund	13
Food Service Fund	14
KPERS Special Retirement Contribution Fund	15
Inservice Fund	16
Special Education Fund	17
Vocational Education Fund	18
Textbook and Student Materials Fund - Actual	19
Capital Improvements Fund - Actual	20
2008 Capital Improvements Fund - Actual	21
Federal Projects Funds - Actual	22
Bond and Interest Fund	23
Gifts and Grants Fund - Actual	
Statement 4: School Activity Funds - Statement of Cash Receipts and Cash Disbursements - Actual	24
Statement 5: District Activity Funds - Statement of Cash Receipts, Expenditures and Unencumbered Cash	26

UNIFIED SCHOOL DISTRICT NO. 375
Financial Statements
Year Ended June 30, 2010
Table of Contents (continued)

	<u>Page Number</u>
Notes to Financial Statements	27
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	39
Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	41
Schedule of Findings and Questioned Costs	43
Schedule of Expenditures of Federal Awards	44
Summary of Prior Audit Findings	46

PETERSON, PETERSON & GOSS, L.C.

MEMBERS
GREGORY B. SEVIER, C.P.A.
JOHN B. GOSS, C.P.A.

PRINCIPALS
VONDA J. WILSON, C.P.A.
DENISE M. GUDENKAUF, C.P.A.
MATT T. HAASE, C.P.A.
JON W. OETTING, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

417 NORTH TOPEKA AVENUE
P.O. BOX 1259

WICHITA, KANSAS 67201-1259

TELEPHONE 316-262-8371
FAX 316-262-5369
www.ppglc.com

**MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS**

OF COUNSEL
MARVIN W. NYE, C.P.A.

INDEPENDENT AUDITORS' REPORT

Board of Education
Unified School District No. 375
Towanda, Kansas

We have audited the accompanying financial statements of the individual funds of Unified School District No. 375, Towanda, Kansas, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Kansas Municipal Audit Guide, auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the District's policy is to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly in all material respects, the cash and unencumbered cash balances of each of the various funds of Unified School District No. 375, Towanda, Kansas, as of June 30, 2010, and the revenues received and expenditures paid of such funds for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010, on our consideration of Unified School District No. 375's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of Unified School District No. 375, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole.

This report is intended solely for the use of the management of Unified School District No. 375, the Kansas Department of Education, and other federal audit agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by Unified School District No. 375, is a matter of public record.

December 15, 2010

Peterson Peterson & Goss, LC

UNIFIED SCHOOL DISTRICT NO. 375
Summary of Cash Receipts, Expenditures and Unencumbered Cash
Year Ended June 30, 2010

Funds	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances	Ending Cash Balance
General	\$ (456,250)		\$ 9,304,615	\$ 9,304,206	\$ (455,841)	\$ 7,002	\$ (448,839)
Supplemental General	335,662	70	2,592,578	2,512,104	416,206		416,206
Special Revenue:							
At Risk (K-12)	600,360		634,433	569,373	665,420		665,420
Capital Outlay	1,113,304	7,090	1,435,936	1,299,678	1,256,652	267,123	1,523,775
Contingency Reserve	840,879		85,000	-	925,879		925,879
Driver Training	25,682		15,123	15,510	25,295		25,295
Food Service	153,545		731,921	714,005	171,461		171,461
KPERS Special Retirement Contribution	-		599,723	599,723	-		-
Inservice	68,745		34,623	34,622	68,746		68,746
Special Education	559,082		1,260,496	1,517,781	301,797		301,797
Vocational Education	362,191	85	649,616	549,269	462,623	2,385	465,008
Textbook and Student Materials	186,633		168,538	201,178	153,993	99,043	253,036
Capital Improvements	993,499	89,611	5,390	1,088,488	12		12
2008 Capital Improvements	3,145,955		644,086	1,002,584	2,787,457	2,091,117	4,878,574
Gate Receipts	5,992		68,261	73,975	278		278
School Projects	16,419		31,896	28,245	20,070		20,070
Federal Projects:							
Title I Low Income	13,986		267,328	256,035	25,279		25,279
Title II-A Teacher Quality	-		67,713	67,713	-		-
Title II-D Tech Literacy	-		5,861	5,861	-		-
Title III English Language	-		208	208	-		-
Title IV Safe and Drug Free	-		5,829	5,829	-	399	399
Debt Service:							
Bond and Interest	1,978,890		2,106,927	1,994,078	2,091,739		2,091,739
Gifts and Grants	6,145		36,872	29,677	13,340	2,320	15,660
Total Reporting Entity (Excluding Agency Funds)	\$ 9,950,719	\$ 96,856	\$ 20,752,973	\$ 21,870,142	\$ 8,930,406	\$ 2,469,389	\$ 11,399,795

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
Summary of Cash Receipts, Expenditures and Unencumbered Cash
Year Ended June 30, 2010

Composition of Cash:

Bank of America:	\$ 2
Checking accounts	175,245
BofA Government Reserves	300,000
Certificate of Deposit	
Commerce Bank:	600,000
Certificates of Deposit	
Community Bank:	7,621
Checking account	13,068
Money market account	
Intrust Bank:	610,000
Certificates of Deposit	
Peabody Bank:	5,259
Checking accounts	
Verus Bank:	(598,353)
Checking accounts	3,698,704
Money market accounts	
Towanda Bank:	94,717
Checking accounts	98,000
Certificate of Deposit	6,502,482
Kansas Municipal Investment Pool	<u>11,506,745</u>
Total Cash	
	(106,950)
Agency Funds per Statement 4	
	<u>\$ 11,399,795</u>
Total Reporting Entity (Excluding Agency Funds)	

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
Summary of Expenditures - Actual and Budget
Year Ended June 30, 2010

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General	\$ 9,955,745	\$ (672,779)	\$ 21,240	\$ 9,304,206	\$ 9,304,206	\$ -
Supplemental General	2,875,434			2,875,434	2,512,104	363,330
Special Revenue:						
At Risk (K-12)	870,358			870,358	569,373	300,985
Capital Outlay	2,104,560			2,104,560	1,299,678	804,882
Driver Training	30,432			30,432	15,510	14,922
Food Service	876,633			876,633	714,005	162,628
KPERS Special Retirement Contribution	686,428			686,428	599,723	86,705
Inservice	68,746			68,746	34,622	34,124
Special Education	2,297,343			2,297,343	1,517,781	779,562
Vocational Education	777,192			777,192	549,269	227,923
Debt Service:						
Bond and Interest	1,994,079			1,994,079	1,994,078	1

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 2,833,294	\$ 2,767,701	\$ (65,593)
Delinquent tax	45,226	109,683	64,457
Mineral production tax	231	4,199	3,968
Federal aid:			
ARRA stabilization funds	427,546	427,546	-
State aid:			
Equalization aid	4,519,613	4,889,410	369,797
Special education aid	1,457,056	1,084,836	(372,220)
Reimbursements	21,240	21,240	-
Total Cash Receipts	<u>9,304,206</u>	<u>9,304,615</u>	<u>409</u>
Expenditures:			
Instruction	5,197,880	5,103,640	94,240
Student support services	459,216	429,404	29,812
Instructional support services	413,500	330,445	83,055
General administration	395,000	250,202	144,798
School administration	807,043	743,770	63,273
Operations and maintenance	472,500	401,418	71,082
Student transportation services	35,150	43,806	(8,656)
Vehicle operating services	364,000	342,252	21,748
Vehicle and maintenance services	94,400	-	94,400
Transfer to:			
Special Education Fund	1,457,056	1,084,836	372,220
Vocational Education Fund	115,000	-	115,000
Food Service Fund	-	25,000	(25,000)
Contingency Reserve Fund	-	85,000	(85,000)
At Risk Fund (K-12) Fund	145,000	464,433	(319,433)
Adjustment to comply with legal maximum	(672,779)	-	(672,779)
Legal General Fund Budget	<u>9,282,966</u>	<u>9,304,206</u>	<u>(21,240)</u>
Adjustment for qualifying budget credits	21,240	-	21,240
Total Expenditures	<u>9,304,206</u>	<u>9,304,206</u>	<u>-</u>

UNIFIED SCHOOL DISTRICT NO. 375
General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Receipts Over (Under) Expenditures	-	409	409
Unencumbered Cash, Beginning	-	(456,250)	(456,250)
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ (455,841)</u>	<u>\$ (455,841)</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
 Supplemental General Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 2,102,396	\$ 2,115,659	\$ 13,263
Delinquent tax	37,455	90,706	53,251
Motor vehicle tax	182,021	187,756	5,735
Federal aid:			
ARRA stabilization funds	-	55,036	55,036
State aid:			
Equalization aid	217,900	119,388	(98,512)
Other	-	24,033	24,033
Total Cash Receipts	<u>2,539,772</u>	<u>2,592,578</u>	<u>52,806</u>
Expenditures:			
Instruction	674,300	388,905	285,395
Student support services	96,600	87,380	9,220
Instruction support services	195,000	185,079	9,921
Operations and maintenance	939,534	929,451	10,083
Transfer to:			
At Risk (K-12) Fund	125,000	170,000	(45,000)
Food Service Fund	45,000	-	45,000
Inservice Fund	-	31,205	(31,205)
Special Education Fund	500,000	100,000	400,000
Vocational Education Fund	300,000	620,084	(320,084)
Total Expenditures	<u>2,875,434</u>	<u>2,512,104</u>	<u>363,330</u>
Receipts Over (Under) Expenditures	(335,662)	80,474	416,136
Unencumbered Cash, Beginning	335,662	335,662	-
Prior Year Canceled Encumbrances	<u>-</u>	<u>70</u>	<u>70</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 416,206</u>	<u>\$ 416,206</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
At Risk Fund (K-12)
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Transfer from General Fund	\$ 145,000	\$ 464,433	\$ 319,433
Transfer from Supplemental General Fund	125,000	170,000	45,000
Total Cash Receipts	<u>270,000</u>	<u>634,433</u>	<u>364,433</u>
Expenditures:			
Instruction	<u>870,358</u>	<u>569,373</u>	<u>300,985</u>
Receipts Over (Under) Expenditures	(600,358)	65,060	665,418
Unencumbered Cash, Beginning	<u>600,358</u>	<u>600,360</u>	<u>2</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 665,420</u>	<u>\$ 665,420</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
Capital Outlay Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem tax	\$ 818,766	\$ 799,881	\$ (18,885)
Delinquent tax	13,217	30,934	17,717
Motor Vehicle tax	72,083	68,873	(3,210)
E-rate	-	83,554	83,554
Interest	-	30,794	30,794
Insurance claims	-	373,181	373,181
Miscellaneous	-	48,719	48,719
Total Cash Receipts	<u>904,066</u>	<u>1,435,936</u>	<u>531,870</u>
Expenditures:			
Instruction	400,000	543,246	(143,246)
Student support services	10,000	-	10,000
Instruction support services	5,000	-	5,000
General administration	5,000	-	5,000
School administration	5,000	-	5,000
Central services	5,000	-	5,000
Operations and maintenance	800,000	515,189	284,811
Transportation	160,000	131,991	28,009
Facility acquisition and service	115,000	20,643	94,357
Building improvements	599,560	88,609	510,951
Total Expenditures	<u>2,104,560</u>	<u>1,299,678</u>	<u>804,882</u>
Receipts Over (Under) Expenditures	(1,200,494)	136,258	1,336,752
Unencumbered Cash, Beginning	1,200,494	1,113,304	(87,190)
Prior Year Canceled Encumbrances	-	7,090	7,090
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 1,256,652</u>	<u>\$ 1,256,652</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
Contingency Reserve Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

	<u>Actual</u>
Cash Receipts:	
Transfer from General Fund	<u>\$ 85,000</u>
Receipts Over (Under) Expenditures	85,000
Unencumbered Cash, Beginning	<u>840,879</u>
Unencumbered Cash, Ending	<u><u>\$ 925,879</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
 Driver Training Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 4,750	\$ 4,650	\$ (100)
Student fees	-	10,473	10,473
Total Cash Receipts	<u>4,750</u>	<u>15,123</u>	<u>10,373</u>
Expenditures:			
Instruction	30,432	14,553	15,879
Vehicle operations and maintenance services	-	957	(957)
Total Expenditures	<u>30,432</u>	<u>15,510</u>	<u>14,922</u>
Receipts Over (Under) Expenditures	(25,682)	(387)	25,295
Unencumbered Cash, Beginning	<u>25,682</u>	<u>25,682</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 25,295</u>	<u>\$ 25,295</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
Food Service Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 8,774	\$ 8,449	\$ (325)
Federal aid	256,615	287,170	30,555
Charges for services	412,699	411,302	(1,397)
Transfer from General Fund	-	25,000	25,000
Transfer from Supplemental General Fund	45,000	-	(45,000)
Total Cash Receipts	<u>723,088</u>	<u>731,921</u>	<u>8,833</u>
Expenditures:			
Operation and maintenance	41,633	6,795	34,838
Food service operation	835,000	707,210	127,790
Total Expenditures	<u>876,633</u>	<u>714,005</u>	<u>162,628</u>
Receipts Over (Under) Expenditures	(153,545)	17,916	171,461
Unencumbered Cash, Beginning	<u>153,545</u>	<u>153,545</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 171,461</u>	<u>\$ 171,461</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
 KPERS Special Retirement Contribution Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
State contributions	\$ 686,428	\$ 599,723	\$ (86,705)
Expenditures:			
Instruction	397,974	370,186	27,788
Student support	51,832	40,977	10,855
Instructional support	69,693	54,419	15,274
General administration	35,627	19,899	15,728
School administration	44,847	40,977	3,870
Other supplemental services	12,169	5,897	6,272
Operations and maintenance	51,253	46,873	4,380
Student transportation services	13,220	12,616	604
Food service	9,813	7,879	1,934
Total Expenditures	<u>686,428</u>	<u>599,723</u>	<u>86,705</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
Inservice Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Other	\$ -	\$ 3,418	\$ 3,418
Transfer from Supplemental General Fund	-	31,205	31,205
Total Cash Receipts	<u>-</u>	<u>34,623</u>	<u>34,623</u>
Expenditures:			
Instructional support services	<u>68,746</u>	<u>34,622</u>	<u>34,124</u>
Receipts Over (Under) Expenditures	(68,746)	1	68,747
Unencumbered Cash, Beginning	<u>68,746</u>	<u>68,745</u>	<u>(1)</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 68,746</u>	<u>\$ 68,746</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
 Special Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Other	\$ -	\$ 75,660	\$ 75,660
Transfer from General Fund	1,457,056	1,084,836	(372,220)
Transfer from Supplemental General Fund	500,000	100,000	(400,000)
Total Cash Receipts	<u>1,957,056</u>	<u>1,260,496</u>	<u>(696,560)</u>
Expenditures:			
Instruction	2,053,943	1,392,362	661,581
Student transportation services	243,400	125,419	117,981
Total Expenditures	<u>2,297,343</u>	<u>1,517,781</u>	<u>779,562</u>
Receipts Over (Under) Expenditures	(340,287)	(257,285)	83,002
Unencumbered Cash, Beginning	<u>559,296</u>	<u>559,082</u>	<u>(214)</u>
Unencumbered Cash, Ending	<u>\$ 219,009</u>	<u>\$ 301,797</u>	<u>\$ 82,788</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
Vocational Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Federal aid:			
Carl Perkins	\$ -	\$ 29,506	\$ 29,506
Other	115,000	26	(114,974)
Transfer from Supplemental General Fund	<u>300,000</u>	<u>620,084</u>	<u>320,084</u>
Total Cash Receipts	415,000	649,616	234,616
Expenditures:			
Instruction	<u>777,192</u>	<u>549,269</u>	<u>227,923</u>
Receipts Over (Under) Expenditures	(362,192)	100,347	462,539
Unencumbered Cash, Beginning	362,192	362,191	(1)
Prior Year Canceled Encumbrances	<u>-</u>	<u>85</u>	<u>85</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 462,623</u>	<u>\$ 462,623</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
Textbook and Student Materials Revolving Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

	<u>Actual</u>
Cash Receipts:	
Textbook rental	\$ 168,538
Expenditures:	
Textbook purchases	<u>201,178</u>
Receipts Over (Under) Expenditures	(32,640)
Unencumbered Cash, Beginning	<u>186,633</u>
Unencumbered Cash, Ending	<u><u>\$ 153,993</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
Capital Improvements Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

	<u>Actual</u>
Cash Receipts:	
Interest	\$ 5,390
Expenditures:	
Facility expenditures	<u>1,088,488</u>
Receipts Over (Under) Expenditures	(1,083,098)
Unencumbered Cash, Beginning	993,499
Prior year canceled encumbrances	<u>89,611</u>
Unencumbered Cash, Ending	<u>\$ 12</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
2008 Capital Improvements Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

	<u>Actual</u>
Cash Receipts:	
Interest	\$ 193,495
Safe Room Grant	<u>450,591</u>
Total Cash Receipts	644,086
 Expenditures:	
Facility expenditures	<u>1,002,584</u>
	(358,498)
Receipts Over (Under) Expenditures	
	<u>3,145,955</u>
Unencumbered Cash, Beginning	
	<u>\$ 2,787,457</u>
Unencumbered Cash, Ending	

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
Federal Projects Funds
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

	<u>Title I Low Income</u>	<u>Title II-A Teacher Quality</u>	<u>Title II-D Tech Literacy</u>	<u>Title III English Language</u>	<u>Title IV Safe and Drug Free</u>
Cash Receipts:					
Federal aid	\$ 219,171	\$ 67,713	\$ 1,694	\$ 208	\$ 5,829
ARRA - Federal Aid	<u>48,157</u>	<u>-</u>	<u>4,167</u>	<u>-</u>	<u>-</u>
Total Cash Receipts	267,328	67,713	5,861	208	5,829
Expenditures:					
Instruction and supplies	<u>256,035</u>	<u>67,713</u>	<u>5,861</u>	<u>208</u>	<u>5,829</u>
Receipts Over (Under) Expenditures	11,293	-	-	-	-
Unencumbered Cash, Beginning	<u>13,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 25,279</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
Bond and Interest Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 1,917,514	\$ 1,883,215	\$ (34,299)
Delinquent tax	27,672	72,648	44,976
Motor vehicle tax	158,624	151,064	(7,560)
Total Cash Receipts	<u>2,103,810</u>	<u>2,106,927</u>	<u>3,117</u>
Expenditures:			
Interest	1,484,079	1,484,078	1
Principal	510,000	510,000	-
Total Expenditures	<u>1,994,079</u>	<u>1,994,078</u>	<u>1</u>
Receipts Over (Under) Expenditures	109,731	112,849	3,118
Unencumbered Cash, Beginning	<u>1,976,466</u>	<u>1,978,890</u>	<u>2,424</u>
Unencumbered Cash, Ending	<u>\$ 2,086,197</u>	<u>\$ 2,091,739</u>	<u>\$ 5,542</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
Gifts and Grants Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2010

	<u>Actual</u>
Cash Receipts:	
Donations and interest	\$ 36,872
Expenditures:	
Scholarships	<u>29,677</u>
Receipts Over (Under) Expenditures	7,195
Unencumbered Cash, Beginning	<u>6,145</u>
Unencumbered Cash, Ending	<u>\$ 13,340</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
 School Activity Funds
 Statement of Cash Receipts and Disbursements - Actual
 Year Ended June 30, 2010

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organization Funds:				
High School:				
Art Club	\$ 462	\$ 196	\$ 115	\$ 543
Athletic Fundraising	15,550	80,983	74,019	22,514
Band	-	146	146	-
B.E.S.T. Robotics	1,188	16,832	15,887	2,133
Boy's State	514	350	300	564
Celebrations	-	1,370	1,370	-
Cheerleaders	-	390	390	-
Chorus	-	649	649	-
Concessions	8,199	40,917	42,272	6,844
Counselors	165	346	144	367
Crimestoppers	66	-	-	66
Danz Team	818	-	818	-
Drama/Forensics	-	2,144	2,144	-
Drama/Mamas	157	159	96	220
French Club	1,116	-	1,116	-
Friend to Friend	401	-	401	-
FCA	968	1,175	1,520	623
FCCLA	2,851	833	687	2,997
Glo Girls	14	-	14	-
Junior Class	-	5,405	3,545	1,860
Library	982	448	893	537
Memorial Fund	2,741	596	500	2,837
Madrigals	-	175	175	-
Musical/Play	1,252	6,878	3,874	4,256
National Honor Society	-	810	810	-
Quill & Scroll	521	-	521	-
Renaissance	1,926	3,866	4,015	1,777
Sales Tax	-	11,466	11,466	-
Scholars Bowl	-	728	728	-
Science Club	20	323	20	323
Senior Class	2,033	1,809	3,053	789
Skills USA	424	1,381	1,398	407
Sophomore Class	-	1,102	-	1,102
Spanish Club	680	1,312	130	1,862
Sports Physicals	4	45	49	-
Students Against Drunk Driving	899	6,207	4,534	2,572
STUCO	13,590	7,617	9,840	11,367
Target	2,289	1,741	-	4,030

UNIFIED SCHOOL DISTRICT NO. 375
 School Activity Funds
 Statement of Cash Receipts and Disbursements - Actual
 Year Ended June 30, 2010

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Middle School:				
Book Reviewers	722	2,192	2,125	789
CMS Student Activities	1,670	17,960	18,829	801
Concessions	5,426	8,598	8,374	5,650
Music	-			-
Renaissance	290	5,585	3,554	2,321
Sales Tax	265	2,439	2,704	-
Science	-			-
STUCO	3,652	13,902	11,657	5,897
Yearbook	611	3,359	3,163	807
Benton Grade School:				
Amazon	-	140	35	105
Benton Grade School Activities	895	5,666	5,883	678
PTO	1,609	1,300	1,871	1,038
STUCO	87	2,407	2,407	87
Wolk Creek	135	-	-	135
Yearbook	1,177	7,836	7,297	1,716
Oil Hill Grade School:				
Entrepreneur Club	1,308	1,079	701	1,686
Student Council	7,544	4,864	3,337	9,071
Towanda Grade School:				
STUCO	2,960	2,132	4,407	685
Towanda Grade School Activities	2,762	8,575	6,443	4,894
Total	<u>\$ 90,943</u>	<u>\$ 286,433</u>	<u>\$ 270,426</u>	<u>\$ 106,950</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
 District Activity Funds
 Statement of Cash Receipts, Expenditures and Unencumbered Cash
 Year Ended June 30, 2010

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances</u>	<u>Ending Cash Balance</u>
Gate receipts:						
High School Athletics	\$ 5,992	\$ 68,261	\$ 73,975	\$ 278	\$ -	\$ 278
School projects:						
Circle High School	11,633	29,286	25,948	14,971	-	14,971
Circle Middle School	2,428	2,595	600	4,423	-	4,423
Towanda Grade School	1,983	15	1,697	301	-	301
Oil Hill School	375	-	-	375	-	375
Total school projects	<u>16,419</u>	<u>31,896</u>	<u>28,245</u>	<u>20,070</u>	<u>-</u>	<u>20,070</u>
Total	<u>\$ 22,411</u>	<u>\$ 100,157</u>	<u>\$ 102,220</u>	<u>\$ 20,348</u>	<u>\$ -</u>	<u>\$ 20,348</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375

Notes to Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Unified School District No. 375 (the District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management, who is responsible for their integrity and objectivity. These accounting policies conform to a comprehensive basis of accounting other than generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Reporting Entity

Unified School District No. 375 is a municipal corporation governed by an elected seven-member board. The Board of Education (Board) is the basic level of government, which has financial accountability, and control over all activities related to the public school education in the District. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by GASB pronouncement, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Boards Statement 14, which are included in the District's reporting entity.

Basis of Presentation

Fund Accounting - A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the fiscal year of 2010:

Governmental Funds

General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds - to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes.

UNIFIED SCHOOL DISTRICT NO. 375

Notes to Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies (continued)

Debt Service Fund - to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt.

Capital Projects Funds - to account for all resources for the acquisition of capital facilities by the District.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Basis of Accounting

Statutory Basis of Accounting. The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a waiver from generally accepted accounting principles, allowed by the State of Kansas, which allows the District to report on the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America. The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, building and equipment owned by the District are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, capital leases and compensated absences are not presented in the financial statements.

UNIFIED SCHOOL DISTRICT NO. 375

Notes to Financial Statements

June 30, 2010

2. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), and the debt service fund. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust and agency funds and the following special revenue funds:

Contingency Reserve Fund
Textbook and Student Materials Revolving Fund
Gifts and Grants Fund
Federal Projects Funds

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

UNIFIED SCHOOL DISTRICT NO. 375
Notes to Financial Statements
June 30, 2010

3. Interfund Transfers

Recurring annual transfers between funds for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenue are as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	At Risk Fund (K-12)	K.S.A. 72-6428	\$ 464,433
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	85,000
General Fund	Food Service Fund	K.S.A. 72-6428	25,000
General Fund	Special Education Fund	K.S.A. 72-6428	1,084,836
Supplemental General Fund	At Risk Fund (K-12)	K.S.A. 72-6433	170,000
Supplemental General Fund	Inservice Fund	K.S.A. 72-6433	31,205
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	100,000
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	620,084

4. Defined Benefit Pension Plan

Plan description. The District contributes to the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERs provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefits provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding policy. K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% (Tier 1) and 6% (Tier 2) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERs according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 8.57% of covered payroll. These contribution requirements are established by KPERs and are periodically revised. Kansas' contribution to KPERs for all Kansas public school employees for the years ending June 30, 2010, 2009 and 2008 were \$140,318,394, \$242,277,363 and \$220,815,154 respectively, equal to the required contributions for each year. Remaining balance due from the State for the year ending June 30, 2010 of \$108,149,792 was received by July 9, 2010.

UNIFIED SCHOOL DISTRICT NO. 375

Notes to Financial Statements

June 30, 2010

5. Compensated Absences

Certified personnel of the District are granted twelve days of sick leave at the beginning of each contract year. Days not used during the contract year may be accumulated to 76 days. Retiring certified personnel who have accumulated sick leave at the end of their last contract year are eligible to receive payment for unused days provided they are eligible to retire under KPERS or Social Security. The Board will pay \$60.00 per day for 2/3 of the retiring employee's accumulated sick leave with a maximum of 50 days. If the employee is retiring under the early retirement provision of the negotiated agreement, an additional \$30.00 per day for 2/3 of the accumulated sick leave, with a maximum of 50 days, will be paid.

Classified staff accrue sick leave each year according to the provisions in the classified handbook. Retiring classified personnel who meet the KPERS retirement requirements, have been employed in the District for at least seven consecutive years prior to retirement and are employed for at least 3.5 hours per day are eligible to be reimbursed for their accumulated sick leave. The Board will pay \$30.00 per day for the retiring employee's accumulated sick leave with a maximum of 50 days.

For financial statement purposes, compensated absences are recognized when paid. The estimated liability at June 30, 2010, with payment under the above formulas would be \$78,574.

6. Deposits and Investments

Deposits

At June 30, 2010, the carrying amount of the District deposits, including certificates of deposit, was \$4,829,018. The bank balance was \$6,153,531. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$1,250,000 was covered by FDIC insurance and the remaining \$4,903,531 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the District's name and irrevocable letters of credit. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the District, the pledging bank, and the independent third-party bank holding the pledged securities.

UNIFIED SCHOOL DISTRICT NO. 375
Notes to Financial Statements
June 30, 2010

6. Deposits and Investments (continued)

Investments

At June 30, 2010 the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
BofA Government Reserves	\$ 175,245	S&P AAA
Kansas Municipal Investment Pool	6,502,482	S&P AAAs/ S1+

The BOFA Government Reserves mutual fund cash shares were held in an investment account with Banc of America Securities LLC. Banc of America Securities LLC is a member of the Securities Investor Protection Corporation (SIPC). SIPC provides protection of up to \$500,000 for the account at Banc of America Securities LLC.

The Kansas Municipal Investment Pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The Board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that insured as to principal and interest, by the U.S. Government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities.

7. Lease Commitments

As of June 30, 2010 the district was subject to copier operating leases with Image Quest. The following is a listing of the equipment, terms and payment amounts for those leases.

<u>Equipment Leased</u>	<u>Term of Lease</u>	<u>Payment Amount</u>
Nine copiers	63 month term	\$ 3,337 per month
Six copiers	63 month term	\$ 1,329 per month

The District also entered into a lease July 28, 2010 for three copiers with Image Quest for a 60 month term in the amount of \$477.

8. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District manages risk primarily through the purchase of insurance coverage from commercial insurers.

UNIFIED SCHOOL DISTRICT NO. 375

Notes to Financial Statements

June 30, 2010

9. Early Retirement

The District provides an early retirement program for certain eligible employees. Teachers and administrators of the District may elect to take early retirement if they meet certain terms and conditions as set forth in the professional agreement between the District and Circle NEA. Those eligible under this plan may receive the benefit for no more than 5 years or it will end upon the retiree's 62nd birthday, whichever occurs first.

Future early retirement benefits at June 30, 2010 are as follows:

<u>June 30,</u>	<u>Benefits</u>
2011	\$ 54,120
2012	65,000
2013	84,000
2014	104,000

10. Capital Projects

Capital projects authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	<u>Project Authorization</u>	<u>Expenditures To Date</u>
Greenwich Elementary	\$7,028,564	\$6,185,015
HVAC Remodel	900,625	331,602

11. Compliance with Kansas Statutes

The District was in violation of K.S.A. 9-1402 regarding the adequate pledging of securities with Bank of America for part of the year.

Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) requires the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by the Statutes.

UNIFIED SCHOOL DISTRICT NO. 375
GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
Year Ended June 30, 2010

	<u>Budget</u>	<u>Statutory Transactions</u>	<u>Variance Favorable (Unfavorable)</u>
STATUTORY REVENUES:			
Taxes and shared revenue:			
Ad valorem property	\$ 2,833,294	\$ 2,767,701	\$ (65,593)
Delinquent tax	45,226	109,683	64,457
Mineral production tax	231	4,199	3,968
Federal aid:			
ARRA stabilization funds	427,546	427,546	-
State aid:			
Equalization aid	4,519,613	4,892,350	372,737
Special education aid	1,457,056	1,084,836	(372,220)
Reimbursements	21,240	21,240	-
Total Statutory Revenues	<u>9,304,206</u>	<u>9,307,555</u>	<u>3,349</u>
EXPENDITURES:			
Instruction	5,197,880	5,103,640	94,240
Student support services	459,216	429,404	29,812
Instructional support services	413,500	330,445	83,055
General administration	395,000	250,202	144,798
School administration	807,043	743,770	63,273
Operations and maintenance	472,500	401,418	71,082
Student transportation services	35,150	43,806	(8,656)
Vehicle operating services	364,000	342,252	21,748
Vehicle and maintenance services	94,400	-	94,400
Transfers to:			
Special Education Fund	1,457,056	1,084,836	372,220
Vocational Education Fund	115,000	-	115,000
Food Service Fund	-	25,000	(25,000)
Contingency Reserve Fund	-	85,000	(85,000)
At Risk (K-12) Fund	145,000	464,433	(319,433)
Adjustment to comply with legal maximum	(672,779)	-	(672,779)
Legal General Fund Budget	<u>9,282,966</u>	<u>9,304,206</u>	<u>(21,240)</u>
Adjustment for qualifying budget credits	21,240	-	21,240
Total Expenditures	<u>9,304,206</u>	<u>9,304,206</u>	<u>-</u>

UNIFIED SCHOOL DISTRICT NO. 375
GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
Year Ended June 30, 2010

	<u>Budget</u>	<u>Statutory Transactions</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue Over (Under) Expenditures	-	3,349	(17,891)
MODIFIED UNENCUMBERED CASH, July 1, 2009	<u>-</u>	<u>214</u>	<u>214</u>
MODIFIED UNENCUMBERED CASH, June 30, 2010	<u>\$ -</u>	<u>\$ 3,563</u>	<u>\$ (17,677)</u>

UNIFIED SCHOOL DISTRICT NO. 375
SUPPLEMENTAL GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
Year Ended June 30, 2010

	<u>Budget</u>	<u>Statutory Transactions</u>	<u>Variance Favorable (Unfavorable)</u>
STATUTORY REVENUES:			
Taxes and shared revenue:			
Ad valorem property	\$ 2,102,396	\$ 2,115,659	\$ 13,263
Delinquent tax	37,455	90,706	53,251
Motor vehicle tax	182,021	187,756	5,735
Federal aid:			
ARRA stabilization funds	-	55,036	55,036
State aid:			
Equalization aid	217,900	161,984	(55,916)
Other	-	24,033	24,033
Total Statutory Revenues	<u>2,539,772</u>	<u>2,635,174</u>	<u>95,402</u>
EXPENDITURES:			
Instruction	674,300	388,905	285,395
Student support services	96,600	87,380	9,220
Instruction support services	195,000	185,079	9,921
Operations and maintenance	939,534	929,451	10,083
Transfers to:			
At Risk (4 yr old) Fund	125,000	170,000	(45,000)
Food Service Fund	45,000	-	45,000
Inservice Fund	-	31,205	(31,205)
Special Education Fund	500,000	100,000	400,000
Vocational Education Fund	300,000	620,084	(320,084)
Total Expenditures	<u>2,875,434</u>	<u>2,512,104</u>	<u>363,330</u>
Revenue Over (Under) Expenditures	(335,662)	123,070	458,732
MODIFIED UNENCUMBERED CASH, July 1, 2009	<u>335,662</u>	<u>335,662</u>	<u>-</u>
Prior Year Canceled Encumbrances	<u>-</u>	<u>70</u>	<u>70</u>
MODIFIED UNENCUMBERED CASH, June 30, 2010	<u>\$ -</u>	<u>\$ 458,802</u>	<u>\$ 458,802</u>

UNIFIED SCHOOL DISTRICT NO. 375

Notes to Financial Statements

Year Ended June 30, 2010

12. Long-term Debt

Changes in long-term liabilities for the District for the year ended June 30, 2010 were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds:										
Series 1999	3.80% to 4.75%	7/1/1999	\$ 9,300,000	9/1/2013	\$ 400,000	\$ -	\$ 400,000	\$ -	\$ -	\$ 10,000
Series 2004	3.25% to 5.00%	12/1/2004	9,900,000	9/1/2019	9,700,000	-	80,000	-	9,620,000	373,837
Series 2007	3.25% to 5.00%	1/15/2007	10,800,000	9/1/2025	10,675,000	-	-	-	10,675,000	492,400
Series 2008	3.25% to 5.00%	12/1/2008	9,465,000	9/1/2024	9,465,000	-	-	-	9,465,000	461,695
Series 2009	3.00% to 3.15%	2/1/2006	3,715,000	9/1/2023	3,715,000	-	30,000	-	3,685,000	146,146
Total General Obligation Bonds					33,955,000	-	510,000	-	33,445,000	1,484,078
Capital Leases:										
Energy Solutions System	5.50%	8/12/2002	\$ 548,487	5/5/2017	343,138	-	35,034	-	308,104	19,588
Fieldturf Financial	3.77%	6/1/2007	743,730	6/1/2015	571,068	-	87,812	-	483,256	20,022
Bobcat	5.00%	10/1/2009	25,270	10/1/2010	-	25,270	3,450	-	21,820	-
Total Capital Leases					914,206	25,270	126,296	-	813,180	39,610
Total Contractual Indebtedness					34,869,206	25,270	636,296	-	34,258,180	1,523,688
Compensated Absences	N/A	N/A	N/A	N/A	71,885	-	-	6,689	78,574	-
Total Long-term Debt					\$ 34,941,091	\$ 25,270	\$ 636,296	\$ 6,689	\$ 34,336,754	\$ 1,523,688

Annual Debt Service Requirements

	2011	2012	2013	2014	2015	2016-2020	2021-thereafter	Total
Principal:								
General obligation bonds	\$ 1,080,000	\$ 1,305,000	\$ 1,425,000	\$ 1,555,000	\$ 1,700,000	\$ 11,010,000	\$ 15,370,000	\$ 33,445,000
Capital leases	150,034	133,825	139,692	145,825	143,251	100,553	-	813,180
Interest:								
General obligation bonds	1,446,445	1,408,595	1,364,934	1,313,570	1,278,650	5,424,305	1,979,075	14,215,574
Capital leases	35,333	28,630	22,764	16,630	10,218	8,690	0	122,265
Total Principal and Interest	\$ 2,711,812	\$ 2,876,050	\$ 2,952,390	\$ 3,031,025	\$ 3,132,119	\$ 16,543,548	\$ 17,349,075	\$ 48,596,019

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
Notes to Financial Statements
June 30, 2010

13. Subsequent Events

The District adopted FASB ASC 855, *Subsequent Events*, effective for financial periods ending after June 15, 2009. The objective of FASB ASC 855 is to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued or available to be issued. Subsequent events have been evaluated through December 15, 2010, which is the date the financial statements were available to be issued. There were no such events to be disclosed.

PETERSON, PETERSON & GOSS, L.C.

MEMBERS
GREGORY B. SEVIER, C.P.A.
JOHN B. GOSS, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

417 NORTH TOPEKA AVENUE
P.O. BOX 1259

WICHITA, KANSAS 67201-1259

TELEPHONE 316-262-8371
FAX 316-262-5369
www.ppglc.com

**MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS**

PRINCIPALS
VONDA J. WILSON, C.P.A.
DENISE M. GUDENKAUF, C.P.A.
MATT T. HAASE, C.P.A.
JON W. OETTING, C.P.A.

OF COUNSEL
MARVIN W. NYE, C.P.A.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Unified School District No. 375
Towanda, Kansas

We have audited the basic financial statements of Unified School District No. 375 as of and for the year ended June 30, 2010, and have issued our report thereon dated December 15, 2010. Our report disclosed that, as discussed in Note 1 to the financial statements, the District prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Accordingly, we do not express an opinion of the effectiveness of the District's internal control over financial reporting.

Internal Control Over Financial Reporting (continued)

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

This report is intended for the information of the management of Unified School District No. 375 and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

December 15, 2010

Peterson Peterson & Foss, LC

PETERSON, PETERSON & GOSS, L.C.

MEMBERS
GREGORY B. SEVIER, C.P.A.
JOHN B. GOSS, C.P.A.

PRINCIPALS
VONDA J. WILSON, C.P.A.
DENISE M. GUDENKAUF, C.P.A.
MATT T. HAASE, C.P.A.
JON W. OETTING, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

417 NORTH TOPEKA AVENUE
P.O. BOX 1259
WICHITA, KANSAS 67201-1259
TELEPHONE 316-262-8371
FAX 316-262-5369
www.ppglc.com

**MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS**

**OF COUNSEL
MARVIN W. NYE, C.P.A.**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Unified School District No. 375
Towanda, Kansas

Compliance

We have audited the compliance of Unified School District No. 375 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Unified School District No. 375 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the management of Unified School District No. 375, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Peterson Peterson & Goss, LC

December 15, 2010

UNIFIED SCHOOL DISTRICT NO. 375
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Unified School District No. 375.
2. No significant deficiencies relating to the audit of the financial statements are reported in the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Unified School District No. 375 were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the report on compliance in accordance with OMB Circular A-133.
5. The auditor's report on compliance of the major federal award programs for Unified School District No. 375 expresses an unqualified opinion.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133, relative to the major federal award programs for Unified School District No. 375, were disclosed during the audit.
7. The programs tested as major programs included:

ARRA - State Fiscal Stabilization Funds – 84.394
ARRA - Hazard Mitigation Grant Program – 97.039
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Unified School District No. 375 did not qualify to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

UNIFIED SCHOOL DISTRICT NO. 375
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity ID Number	Federal Expenditures	Award Amount by Cluster
U.S. Department of Agriculture:				
Passed-through Kansas Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	3529-3490	\$ 47,526	
National School Lunch Program	10.555	3530-3500	201,660	
Cash for Commodities	10.555	3530-3500	<u>37,984</u>	
Total Child Nutrition Cluster				287,170
U.S. Department of Education:				
Passed-through Kansas Department of Education:				
Data Use Grant	84.372	3592-3070	800	800
School Preparedness	84.302	3056-3200	1,000	1,000
Title I, Part A Cluster:				
Title I, Low Income	84.010	3532-3520	219,171	
ARRA - Title I, Low Income	84.389	3532-3525	<u>48,157</u>	
Total Title I, Part A Cluster				267,328
Reserve Fund	84.048	3539-3590	12,419	12,419
Drug Free Schools and Communities	84.186	3795-3100	4,829	4,829
Title II-A, Improving Teacher Quality	84.367	3526-3860	67,713	67,713
Educational Technology State Grants Cluster:				
Title II-D, Technology Literacy	84.318	3233-3040	1,694	
ARRA - Title II-D, Technology Literacy	84.386	3233-3044	<u>4,167</u>	
Total Educational Technology State Grants Cluster				5,861
ARRA - State Fiscal Stabilization Funds - 2009	84.394	3790-3790	482,582	482,582
U.S. Department of Education:				
Passed-through South Central Kansas Education Service Center:				
Title V, Innovative Programs	84.298	N/A	14,506	14,506
U.S. Department of Health and Human Services:				
Passed-through Kansas Social and Rehabilitation Services:				
Medicaid	93.778	N/A	4,907	4,907
U.S. Department of Homeland Security Federal Emergency Management Agency:				
Passed-through Kansas Division of Emergency Management:				
ARRA - Hazard Mitigation Grant Program	97.039	N/A	450,591	<u>450,591</u>
Total Federal Awards Expended				<u>\$ 1,599,706</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 375
Schedule of Expenditures of Federal Awards
Year Ended June 30,2010

Note 1 - Basis of Presentation

The schedule of expenditures of federal awards is presented using the accounting practice prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, the same as the financial statements accompanying this schedule. The information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

UNIFIED SCHOOL DISTRICT NO. 375
Summary of Prior Audit Findings
Year Ended June 30, 2010

There were no audit findings for federal award programs for the year ended June 30, 2009